

Message Text

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ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 SP-02

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P 030945Z AUG EUY

FM AMEMBASSY DACCA

TO SECSTATE WASHDC PRIORITY 1543

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E.O. 11652: N/A

TAGS: EINV, BG

SUBJECT: BELBAGCO

REF: STATE 185996

1. ECON COUNSELOR AND EMBOFF CALLED AUGUST 2 ON INDUSTRIES SECRETARY MAJIDUL HUQ AND DREW ON PARAS ONE AND TWO OF REFTTEL TO CONVEY ORALLY USG REACTION TO BDG JUNE 25 LETTER CONCERNING BELBAGCO CLAIM. ECON COUNSELOR THEN NOTED THAT UNRESOLVED BELBAGCO CLAIM, TOGETHER WITH FARROKH CAPTAIN CASE (REPORTED SEPTTEL) AND FACT US INSURANCE COMPANIES WHICH WERE NATIONALIZED UNDER P.O. 95 NOT YET ELIGIBLE TO FILE CLAIMS FOR COMPENSATION, ADDED UP TO FACT THAT NO US FIRM WISHING TO SUBMIT ITS CLAIM FOR COMPENSATION FOR PROPERTIES TAKEN OVER BY THE BDG IN 1972 HAS YET BEEN ABLE TO DO SO.

2. THIS SITUATION HAS CREATED A MOOD OF FRUSTRATION AND IMPATIENCE BOTH AT THE EMBASSY AND IN RELEVANT USG AGENCIES IN WASHINGTON, ECON COUNSELOR SAID. AGAINST THIS BACKGROUND, ECON COUNSELOR DIRECTED INDUSTRIES SECRETARY'S ATTENTION TO RELEVANT PORTION OF TRADE ACT OF 1974 AND NOTED THAT BDG ELIGIBILITY FOR GSP WAS SUBJECT TO PERIODIC REVIEW. IF USG FOUND BDG INELIGIBLE FOR GSP, THEN IT IS POSSIBLE THAT, OVER TIME, SIMILAR PROVISIONS OF FOREIGN ASSISTANCE ACT (HICKENLOOPER AMENDMENT) AND INTERNATIONAL DEVELOPMENT ASSOCIATION ACT 1972 (GONZALEZ AMENDMENT)

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COULD BE INVOKED. EMBOFFS LEFT TEXT THESE PROVISIONS WITH INDUSTRIES SECRETARY.

3. SECRETARY SAID THAT HIS JUNE 25 LETTER HAD PRESENTED THE PURELY LEGAL POSITION; I.E., THAT COMPANY CONCERNED WAS REGISTERED IN WEST PAKISTAN. HE FURTHER SAID THAT HE WOULD WELCOME FORMAL USG REPLY TO HIS LETTER, REFUTING SPECIFIC POINTS WITH WHICH USG DISAGREED AND ARGUING FOR PROMPT COMPENSATION. SUCH A REPLY, HE SAID, WOULD ENABLE HIM TO REOPEN MATTER WITH LAW MINISTRY. SECRETARY LEFT US WITH IMPRESSION THAT MAJOR PROBLEM FOR BDG, AND LAW MINISTRY SPECIFICALLY, WAS TO AVOID OPENING DOOR TO ALL WEST PAKISTANI CLAIMS. ACCORDINGLY, WE BELIEVE

THAT SUCH A LETTER MIGHT BEST CONCENTRATE ON WHOLLY US CHARACTER OF BELBAGCO INVESTMENT. IF OPIC BELIEVES POINTS OTHER THAN THOSE CONVEYED REFTEL SHOULD BE INCLUDED, PLEASE CABLE SUGGESTED LANGUAGE. OTHERWISE EMBASSY WILL SEND LETTER, DRAWING ON REFTEL.

4. IN REPLY PARA 3, REFTEL, OFFICIALS IN DIRECTORATE GENERAL OF INDUSTRIES TELL US THAT IT WAS POSSIBLE IN 1961 FOR A FIRM TO FILE INCORPORATION PAPERS WITH THE DACCA REGIONAL OFFICE OF THE INVESTMENT PROMOTION WING OF THE THEN GOVERNMENT OF PAKISTAN DEPARTMENT OF SUPPLY AND INVESTMENT PROMOTION. PERMISSION TO INCORPORATE WAS ALSO GIVEN IN DACCA, BUT ONLY AFTER THE APPLICATION HAD BEEN REFERRED TO THE MINISTRY IN KARACHI AND APPROVED THERE.

5. FYI. FINANCE SECRETARY SYEDUZZAMAN HAS ASKED AMBASSADOR TO CALL ON AUGUST 5 TO DISCUSS SUBJECT OF NATIONALIZATION COMPENSATION.
BOSTER

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*** Current Handling Restrictions *** n/a

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